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CENTRAL INTELLIGENCE AGENCY

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SUBJECT Causes of the Collapse of Metrans; Reduction in Imports of Bearings; Liquidation of Foreign Trade Monopolies

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1. At a secret meeting of the Czechoslovak Ministry of Foreign Trade, 1951 the economic collapse of Metrans, the Czech state transportation monopoly, was discussed. An investigation now under way attributes the collapse to a shortage of trained professional personnel, the neglect of essential duties and the mismanagement of the international aspects of the company's business.
2. For political reasons the Czechs have recently resorted to shipping goods via Gdynia, Poland, and Stalin (Varna), Bulgaria, in spite of the additional cost and length of such routes. Certain shipments destined for Australia and the Far East have been lying in Hamburg since early 1951. No instructions for their dispatch have so far been received. The Czech Minister of Foreign Trade Antonin Gregor has ordered a complete clean-up of all the chief Metrans storage warehouses, which are overfull as a result of the delay in export shipments.* The contents of these warehouses are being returned to the export monopolies, who for lack of sufficient storage facilities have returned about 60 percent of the items to the producers.
3. Import shipments are also behind schedule. Shipments are reaching the import monopolies about one month after arriving in Prague and are still further delayed before reaching the final customers. Metrans recently raised freight rates at great expense to the import and export monopolies. The poor system of transportation caused Centrotek to suffer the expiration of letters of credit to the amount of as much as four million Czech crowns per week and the cancellation of future trade contracts.
4. Czechoslovakia plans a total import of only \$1,200,000 worth of ball bearings during 1952 as compared to a previous annual import of \$6,000,000 worth.** This is possible because Zbrojovka Brno plants are now capable of producing almost all the bearings required by Czechoslovakia.*** The limitation of imports is necessary since Czechoslovakia expects a further tightening of Western trade restrictions.

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5. Preparations are under way to liquidate all Czech foreign trade monopolies by the end of 1951. In place of the 29 existing monopolies the Government will establish a new import-export office in the Ministry of Foreign Trade to handle all foreign trade beginning in January 1952.

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- * Comment: Such warehouses include those in Decin-Podmokly for shipments through Dutch ports to Western overseas lines, Prague for trade via the Labe (Elbe) River, and Breclav for exports to Austria, Hungary, Italy and the USSR.

- 25X1 25X1A ** Comment: paragraphs 1-3 reports that the import plan calls for the purchase of \$1,700,000 worth rather than \$1,200,000.

- 25X1A *** Comment: The Liben plant of Zbrojovka Brno manufactures ball and roller bearings. However, indications are that no Czech plants are capable of manufacturing ball bearings of high precision, or of producing very small or very large bearings. It is believed that Czechoslovakia is still extremely anxious to import all the bearings it can and that the reduction in its import plan is primarily due to Western trade restrictions and a lack of foreign currency.

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